REGISTRAR OF COMPANIES

JOHN SWAN & SONS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 April 2015

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JOHN SWAN & SONS PLC

Board of Directors and Professional Advisers

Directors

Alastair J Ritchie	*- Non-executive Chairman*
James D Allen	*- Non-executive director and Chairman of John Swan Limited*
Alexander Cadell	*- Executive director*
John C Clark	*- Non-executive director*
George R Forbes	*- Non-executive director*

Secretaries and Registered Office

Geoghegans, Chartered Accountants
6 St Colme Street, Edinburgh EH3 6AD

Registrars

Neville Registrars Limited,
Neville House, 18 Laurel Lane, Halesowen B63 3DA

Statutory Auditor

Scott-Moncrieff,
Exchange Place 3, Semple Street, Edinburgh EH3 8BL

Solicitors

Shepherd & Wedderburn LLP
1 Exchange Crescent, Conference Square, Edinburgh EH3 8UL

Nominated Adviser and Broker

N+1 Singer
7 Melville Crescent, Edinburgh EH3 7JA

Bankers

The Royal Bank of Scotland plc
1 Chesser Avenue, Edinburgh EH14 1TB

Company Registration No. SC007893

Strategic Report

Statement by the Chairman *John Swan & Sons PLC*

The outcome for the year can be summarised as follows:

	2015	2014
	£	£
Profit/(loss) before tax		
John Swan Limited – profit	64,729	13,657
John Swan & Sons PLC – profit/(loss)	91,382	(346,794)
IAS 19 pension adjustment	(33,000)	(36,000)
Profit/(loss) before tax	123,111	(369,137)

In my statement at the half year, I reported both on the results for the period and the emergence of a possible offer for our company. The second half trading was more or less as anticipated, but the period has been dominated by our focus on this possible offer and I'm very pleased to confirm that the terms of a formal offer from H&H Group plc (to be implemented by means of a Court-sanctioned scheme of arrangement) have been announced today, simultaneous with the publication of these results.

For that reason, I do not propose to expand here on the terms of the offer, but I will take the opportunity to commend it to shareholders. At the same time I want to thank everyone involved for their hard work, patience and understanding during what has been a long and difficult process.

Shareholders will understand that, as is common in these circumstances, there will be no final dividend this year.

Finally, on a personal note, since on the assumption that the acquisition by H&H is completed this is likely to be my last results statement to shareholders, I would like to record my appreciation of the help, advice and encouragement I have received over the last ten years from my board and our professional advisers, whose work behind the scenes is not always understood nor appreciated.

Alastair J Ritchie
Chairman

Strategic Report (continued)

Statement by the Chairman *John Swan Limited*

I am pleased to report an increase in profit for the year to £64,729 compared with £13,657 last year. The profit would have been higher but for the provision for an old ongoing dispute and doubtful debt. Turnover was up £26,373 on the year most of which came from Wooler. Stock numbers were marginally down on the year reflecting the drop in national breeding herds.

Markets are still the best place to sell stock, as the whole industry works on market averages. It is important to make the major players in the industry compete for stock.

With the CAP reform here, there could be big changes by reducing costs and running the markets as efficiently as possible.

Swan & Turner has established itself as a leading auction house in the Borders for antiques and collectables with over 700 lots in most of the sales.

Finally, I would like to thank all of the staff for their hard work and enthusiasm during the past year, support of my fellow directors and to thank all customers for their continued support.

James D Allen
Chairman

Strategic Report (continued)

Principal activities

The Group, through its subsidiary John Swan Limited, acts as auctioneers, livestock agents, valuers and estate agents and operates livestock auction marts in Newtown St Boswells and Wooler.

Business review

The Companies Act requires the Directors to provide a review of the business of the Group during the financial year and this is dealt with in the Statement by the Chairman on page 2 and the Statement by the Chairman of John Swan Limited on page 3. These statements form part of the Strategic Report.

Key performance indicators

Turnover
Group turnover rose by 4% (£71,156) in the year. There is a continued effort to grow turnover whilst being mindful of the risks involved in attracting new buyers to the marts.

Throughput
Throughput of livestock remained static during the year despite a concerted effort to attract new customers to the marts to sell their stock.

Overheads
Overheads have risen by 3% (£71,853) this year due to fees for the proposed acquisition of the Group. The Group's ongoing strategy is to minimise costs wherever possible.

Risks and uncertainties

The Group directors recognise that there are three principal risks facing the company:

- *Purchasers sourcing stock direct from customers*
  The mart directors strive to provide a premium service and effective financial service to encourage customers to continue using the auction system.

- *Bad debts*
  The Group insures major debtors, where possible, to reduce the risk of significant financial loss.

- *Defined benefit pension scheme*
  The Group directors review the position regularly to assess the impact that funding the pension scheme will have on future profitability. Although the pension scheme closed to future accrual on 30 April 2012, it has an ongoing funding requirement.

Post balance sheet events

There is a proposed takeover of the Group by H&H Group Plc which, at the date of signing these accounts, has still to be put to shareholders.

Strategic Report (continued)

Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The directors are aware of the Combined Code which provides a template for Corporate Governance procedures for fully listed companies. The Code does not apply to AIM listed companies but the directors have chosen to comply with those provisions that are appropriate, taking into account the size of the Group.

The Board of Directors

The Board consists of executive and non-executive directors all of whom are required to retire and submit themselves for re-election every three years. By nature of the fact that the non-executive directors may be farmers, they are often customers of the Group. Their terms of trade are exactly the same as any other customer.

It is not considered necessary to provide biographical details for each director.

Audit committee

The Audit Committee consists of two non-executive directors, Mr Ritchie and Mr Forbes. It meets twice a year and its terms of reference include the review of internal control procedures and risk assessment, the scope of the audit, the half year and full year accounts and issues arising from the audit.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board meets bi-monthly and exercises control over strategic, financial and operational matters. The executive directors of John Swan Limited, the trading subsidiary, meet monthly and involve themselves in the day to day management of the company, with particular emphasis given to the control of debts.

The Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Strategic Report (continued)

Directors' remuneration

Details of the remuneration of each director serving during the year are set out in Note 6 to the financial statements. The Company has a remuneration committee and the members are Mr Ritchie and Mr Allen. John Swan Limited has a separate remuneration committee. The aim of that committee, with reference to executive directors' remuneration, is to align individual reward and incentives directly with the performance of John Swan Limited and to provide a remuneration package sufficient to attract, retain and motivate executive directors. The typical elements of executive directors' remuneration packages are basic salary, benefits in kind, commission and pension.

Indemnity arrangements

The Company has qualifying third party indemnity provisions in place for its directors.

Relations with shareholders

There is an ongoing dialogue throughout the year with the many shareholders who are also customers. Shareholders also have the opportunity to attend and participate in the annual general meeting.

Supplier payment policy

The Group's policy is to pay all consignors of stock for sale in the markets within a maximum period of seven days.

Fixed assets

The Company has adopted a policy of revaluation in respect of its properties. The property portfolio was revalued at 30 April 2013 at current Existing Use Value and the balance sheet reflects this value.

Substantial shareholdings

The Company is aware of the following substantial interests in the issued ordinary shares as at 30 June 2015:

Value Investments Limited	10.37 per cent
The Hon Peregrine Moncreiffe, Easter Moncreiffe, Perthshire	9.08 per cent
Peter S Allen, House of Shaws, Midhurst	3.14 per cent

By order of the Board

Geoghegans
Secretaries

29 July 2015

Note: The value for Capital Gains Tax purposes of the ordinary shares of the Company as at 31 March 1982 was 92.5 pence per share.

Directors' Report

The directors present their annual report together with the consolidated financial statements for the year ended 30 April 2015.

Results and dividends

The profit for the year after taxation amounted to £122,066. The directors recommend a final dividend of £nil. As no interim dividend was paid, the total dividend paid for the year is nil (2014 – 5p).

Directors and their interests

The directors shown on page 1 served throughout the year. Mr AJ Ritchie and Mr GR Forbes retire by rotation and being eligible offer themselves for re-election.

The interests of the directors in the share capital of the company at the year end were:

	Ordinary shares	
	At 30 April 2015	At 30 April 2014
Beneficial:		
Mr A J Ritchie	4,750	4,750
Mr J D Allen	2,100	2,100
Mr A Cadell	-	-
Mr J C Clark	8,798	8,798
Mr G R Forbes	600	600

No changes took place in the interests of the directors between 30 April 2015 and 29 July 2015.

Auditor

Scott-Moncrieff have expressed their willingness to continue in office as Auditor of the Company and its subsidiaries and a resolution proposing their re-appointment will be put to shareholders at the Annual General Meeting.

By order of the Board

Geoghegans
Secretaries

29 July 2015

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRSs). Company law requires the directors to prepare such financial statements in accordance with IFRSs, the Companies Act 2006 and Article 4 of the IAS regulation. The directors have elected to prepare the Company's separate financial statements under United Kingdom Generally Accepted Accounting Principles (UK GAAP).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

On behalf of the Board

Alexander Cadell

A Cadell
Director

29 July 2015

Independent Auditor's Report to the Members of John Swan & Sons PLC

We have audited the group financial statements of John Swan & Sons PLC for the year ended 30 April 2015 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the group and parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Independent Auditor's Report to the Members of John Swan & Sons PLC *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of John Swan & Sons PLC for the year ended 30 April 2015.

Gareth Magee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

29 July 2015

Consolidated income statement
For the year ended 30 April 2015

	Note	2015 £	2014 £
Revenue	3	1,904,743	1,833,587
Staff costs	5	942,794	921,380
Depreciation		104,729	96,845
Other operating expenses		1,226,914	1,184,359
Profit on sale of land		(492,901)	-
		1,781,536	2,202,584
Operating profit/(loss)		123,207	(368,997)
Investment revenues	7	490	587
Finance costs	7	(586)	(727)
Profit/(loss) before tax		123,111	(369,137)
Tax	8	(1,045)	7,220
Profit/(loss) for the year attributable to owners of the Company	4	122,066	(361,917)
Basic and diluted earnings per share	10	20.04p	(59.43p)

Consolidated statement of comprehensive income
For the year ended 30 April 2015

	Note	2015 £	2014 £
Profit/(loss) for the year		122,066	(361,917)
Actuarial loss on defined benefit pension scheme	24	(678,000)	(24,000)
Deferred tax on pension scheme	17	129,000	-
Other comprehensive expense for the year		(549,000)	(24,000)
Total comprehensive expense attributable to owners of the Company		(426,934)	(385,917)

JOHN SWAN & SONS PLC

Consolidated balance sheet
At 30 April 2015

	Note	2015 £	2014 £
Non-current assets			
Property, plant and motor vehicles	11	3,509,800	3,576,513
Deferred tax asset	17	129,000	-
		3,638,800	3,576,513
Current assets			
Trade and other receivables	13	2,557,672	2,328,050
Cash and cash equivalents	14	137,253	114,968
		2,694,925	2,443,018
Total assets		6,333,725	6,019,531
Current liabilities			
Trade and other payables	15	333,497	209,943
Net current assets		2,361,428	2,233,075
Non-current liabilities			
Retirement benefit obligation		645,000	-
Deferred tax liabilities	17	16,980	15,935
Deferred income	18	11,200	12,000
		673,180	27,935
Total liabilities		1,006,677	237,878
Net assets		5,327,048	5,781,653
Equity			
Share capital	19	153,000	153,000
Revenue reserve		70,000	70,000
Employee Benefit Trust reserve	20	(107,245)	(57,224)
Revaluation reserve	21	1,510,063	1,531,039
Capital redemption reserve		15,000	15,000
Retained earnings		3,686,230	4,069,838
Total equity - attributable to owners of the Company		5,327,048	5,781,653

The financial statements were approved by the board of directors and authorised for issue on 29 July 2015. They were signed on its behalf by:

AJ Ritchie
Chairman

A Cadell
Director

Company Registration No. SC007893

JOHN SWAN & SONS PLC

Consolidated statement of changes in equity
For the year ended 30 April 2015

Equity attributable to equity holders of the Company

	Note	Share capital £	Revenue reserve £	Employee Benefit Trust reserve £	Revaluation reserve £	Capital redemption reserve £	Retained earnings £	Total equity £
Balance at 1 May 2013		168,000	70,000	(39,815)	1,544,885	-	4,525,155	6,268,225
Loss for the year		-	-	-	-	-	(361,917)	(361,917)
Other comprehensive expense for the year		-	-	-	-	-	(24,000)	(24,000)
Total comprehensive expense for the year		-	-	-	-	-	(385,917)	(385,917)
Purchase and cancellation of deferred shares		(15,000)	-	39,815	-	15,000	(52,796)	(12,981)
Purchase of ordinary shares in Employee Benefit Trust		-	-	(26,574)	-	-	-	(26,574)
Purchase of ordinary shares in Employee Benefit Trust		-	-	(30,650)	-	-	-	(30,650)
Transfer to retained earnings		-	-	-	(13,846)	-	13,846	-
Dividends paid	9	-	-	-	-	-	(30,450)	(30,450)
Balance at 30 April 2014		153,000	70,000	(57,224)	1,531,039	15,000	4,069,838	5,781,653
Profit for the year		-	-	-	-	-	122,066	122,066
Other comprehensive expense for the year		-	-	-	-	-	(549,000)	(549,000)
Total comprehensive expense for the year		-	-	-	-	-	(426,934)	(426,934)
Movement in year		-	-	(50,021)	-	-	52,800	2,779
Transfer to retained earnings		-	-	-	(20,976)	-	20,976	-
Dividends paid	9	-	-	-	-	-	(30,450)	(30,450)
Balance at 30 April 2015		153,000	70,000	(107,245)	1,510,063	15,000	3,686,230	5,327,048

Consolidated cash flow statement
For the year ended 30 April 2015

	Note	2015 £	2014 £
Net cash used in operating activities	22	(407,567)	(356,106)
Investing activities			
Interest received	7	490	587
Proceeds from disposal of land		542,901	-
Proceeds from disposal of plant and motor vehicles		12,190	10,500
Purchases of plant and motor vehicles		(98,058)	(32,615)
Net cash from/(used in) investing activities		457,523	(21,528)
Financing activities			
Dividends paid	9	(30,450)	(30,450)
Fees and tax in respect of deferred shares purchased from the Employee Benefit Trust		2,779	(12,981)
Purchase of ordinary shares within the Employee Benefit Trust		-	(57,224)
Net cash used in financing activities		(27,671)	(100,655)
Net increase/(decrease) in cash and cash equivalents		22,285	(478,289)
Cash and cash equivalents at beginning of year		114,968	593,257
Cash and cash equivalents at end of year	14	137,253	114,968

Notes to the consolidated financial statements

1 Significant accounting policies

Basis of preparation

John Swan & Sons PLC (the Company) is a company domiciled in the United Kingdom. The consolidated financial statements of the Group have been prepared in accordance with the accounting policies set out below which are based on International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group financial statements have been prepared on the historical cost basis, except for the revaluation of properties.

Standards and interpretations in issue not yet effective

The following new and revised standards and interpretations have been issued but are not yet effective and have not been adopted in these financial statements. They are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9	Financial instruments *(effective 1 January 2018)*
IFRS 10 (amendment)	Consolidated financial statements *(effective 1 January 2016)*
IFRS 11 (amendment)	Joint arrangements *(effective 1 January 2016)*
IFRS 14	Regulatory deferral accounts *(effective 1 January 2016)*
IFRS 15	Revenue from contracts with customers *(effective 1 January 2017)*
IAS 16 (amendment)	Property, plant and equipment *(effective 1 January 2016)*
IAS 27 (amendment)	Separate financial statements *(effective 1 January 2016)*
IAS 28 (amendment)	Investments in associates *(effective 1 January 2016)*

Going concern

A review of the Group's activities during the year is set out in the Statement by the Chairman on page 2 and the Statement by the Chairman of John Swan Limited on page 3.

The Group has positive cash balances and takes a temporary bank borrowing facility, if required, in periods of large auction sales when debtor balances increase. The cash balances and the borrowing facility provide adequate financial resources to fund current trading plans.

The Directors consider that as at the date of approving the financial statements, there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and VAT.

Commission is recognised at the point of sale.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants relating to property are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

Operating profit or loss

Operating profit or loss is stated before investment income and finance costs.

Retirement benefit costs

The Group operates a defined benefit retirement scheme and a defined contribution pension plan. The defined benefit retirement scheme was closed to new members and to future accrual at 30 April 2012.

Payments to the defined contribution pension plan are charged as an expense as they fall due.

The Group's obligations in respect of the defined benefit retirement scheme are valued by an independent actuary using the projected unit method. The assets of the scheme are held separately from those of the Group and are measured at fair values, as at the respective balance sheet dates. The expected return on the scheme assets less interest on liabilities is included in investment revenues or finance costs. Actuarial gains and losses are recognised in equity and presented in the statement of comprehensive income. A pension scheme surplus, to the extent that it is recoverable from the pension fund, is recognised and presented on the face of the balance sheet. A pension scheme deficit is recognised in full and presented on the face of the balance sheet.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in shareholders' equity.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax relating to charges made directly to equity is recognised in equity.

Property, plant and motor vehicles

Land and buildings are stated in the balance sheet at their revalued amounts, being the Existing Use Value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using existing use values at the balance sheet date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Plant and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Notes to the consolidated financial statements *(continued)*

1 Significant accounting policies (continued)

Property, plant and motor vehicles (continued)

Depreciation is charged so as to write off the cost or valuation of assets (other than land) less their residual values over their estimated useful lives, on the following bases:

Freehold buildings	2½% straight line
Plant and machinery	10% and 20% reducing balance and 25% straight line
Motor vehicles	25% straight line and 20% reducing balance

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the expected amount recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Bank overdrafts are recorded at the proceeds received. Financial charges are accounted for on an accruals basis in profit or loss.

Trade payables

Trade payables are measured at fair value.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Notes to the consolidated financial statements *(continued)*

2 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Valuation of retirement scheme assets and liabilities

This year, the Group has recorded in its balance sheet a liability equivalent to the deficit on the Group's defined benefit pension scheme. The asset or liability is determined each year with advice from the Group's actuarial adviser and can fluctuate based on a number of factors some of which are outwith the control of management. The main factors that can impact the valuation include:

- The discount rate used to discount future liabilities back to the present date. This is determined each year based on the yield on corporate bonds.
- The actual returns on investments experienced as compared to the expected rates used in the previous pension scheme valuation.
- Mortality assumptions.

Details of the deficit and the assumptions used to determine the deficit at 30 April 2015 are set out in Note 24.

3 Revenue

	2015	2014
	£	£
An analysis of the Group's revenue is as follows:		
Commissions	1,661,881	1,640,884
Property, estate agency and valuation fees	92,654	47,081
Interest from customers	33,533	25,398
	1,788,068	1,713,363
Other operating income	84,176	88,700
Property rental income	32,499	31,524
	1,904,743	1,833,587

Notes to the consolidated financial statements *(continued)*

4 Profit/(loss) for the year

	2015	2014
	£	£
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Rentals under operating lease – land and buildings	17,250	17,250
Profit on disposal of plant and motor vehicles	(2,148)	(4,820)
Impairment of trade receivables	60,000	163,500
Deferred income release (Note 18)	(800)	(800)

The analysis of auditor's remuneration is as follows:

Fees payable to the Company's auditor for the audit of the Company's annual accounts	5,090	4,995
Fees payable to the Company's auditor for other services to the Group:		
- The audit of the Company's subsidiary pursuant to legislation	10,000	9,815
Total audit fees	15,090	14,810

Fees payable to the Company's auditor in respect of associated pension scheme		
- Audit	1,730	1,680

5 Staff costs

	2015	2014
	£	£
Salaries and wages	796,146	777,259
Social security costs	72,381	69,730
Pension – administration costs (defined benefit scheme - see Note 24)	33,000	36,000
Pension – other costs (including payments to defined contribution scheme)	41,267	38,391
	942,794	921,380

The average monthly number of employees (including executive directors) was:

	2015	2014
	Number	Number
Office and management	18	21
Other permanent staff	7	4
Part time staff	3	5
	28	30

Notes to the consolidated financial statements *(continued)*

6 Directors' remuneration

Aggregate emoluments of the directors of the Group, who are also the company's key management personnel, were as follows:

	2015	2014
	£	£
Fees *(non-executive directors)*	56,500	56,500
Salary and benefits *(executive director)*	77,660	77,542
Pension contributions *(executive director)*	5,022	5,022
	139,182	139,064

During the year the Company put in place an Employee Management Incentive share option scheme. No options have been issued to date.

The remuneration of each of the directors for the years ended 30 April 2015 and 2014 is set out below:

	Salary	Benefits	Total Emoluments
	£	£	£
2014-15 Executive			
A Cadell	76,950	710	77,660
2013-14 Executive			
A Cadell	76,950	592	77,542

	2014-15	2013-14
	£	£
Non-Executive		
A J Ritchie	20,000	20,000
J D Allen	16,500	16,500
J C Clark	10,000	10,000
G R Forbes	10,000	10,000
	56,500	56,500

The fees paid to Mr Allen in the year include emoluments paid in respect of services carried out on behalf of the subsidiary company, John Swan Limited.

No commission was paid to the executive director during the year.

Benefits in kind received during the year relate to the provision of medical insurance.

Notes to the consolidated financial statements *(continued)*

6 Directors' remuneration (continued)

Director's pension – defined benefit scheme

The executive director is a member of an HM Revenue & Customs approved defined benefit pension scheme, which was closed to future accrual on 30 April 2012. The scheme provides for a maximum pension of two-thirds pensionable salary at the date of closure of the scheme at a normal retirement age of 65 and a widow's pension of two-thirds of the director's pension payable on death after retirement. On retirement, the director may commute part of his pension for a cash lump sum, within HM Revenue & Customs limits. Non-executive directors were not able to join the scheme.

The table below sets out information regarding the accrued pension entitlement of the executive director.

		Accumulated accrued pension at age 65	
	Age at 30 April 2015	30 April 2015 £	30 April 2014 £
A Cadell	41	2,217	2,217

Director's pension – defined contribution scheme

The executive director is also a member of the defined contribution scheme. The contributions paid by the company were as follows:

	2015 £	2014 £
A Cadell	5,022	5,022

7 Investment revenues and finance costs

	2015 £	2014 £
Investment revenues		
Bank interest receivable	490	587
Finance costs		
Bank interest payable	586	727

Notes to the consolidated financial statements *(continued)*

8 Tax

	2015 £	2014 £
Corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences	1,045	(7,220)
Tax expense/(income) for year	1,045	(7,220)

Deferred tax on timing differences is calculated at 20% (2014: 20%).

The tax expense/(income) for the year can be reconciled to the profit/(loss) per the consolidated income statement as follows:

	2015 £	2014 £
Profit/(loss) before tax	123,111	(369,137)
Tax income at the UK corporation tax rate of 20% (2014 - 22.84%)	24,622	(84,310)
Tax effect of :		
Expenses not deductible in determining taxable profit/(loss)	26,435	27,064
IAS 19 adjustments	(6,620)	(5,482)
Tax losses not recognised	-	54,483
Tax losses utilised	(36,611)	-
Difference between accounting and taxable profit on sale of land	(6,781)	
Different tax rate of subsidiary	-	1,025
	(23,577)	77,090
Tax expense/(income) for the year (see above)	1,045	(7,220)

9 Dividends

	2015 £	2014 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 April 2014 of 5 pence (2013: 5 pence) per share	30,450	30,450
Proposed dividend for the year ended 30 April 2015 of nil pence (2014: 5 pence) per share	-	30,450

Notes to the consolidated financial statements *(continued)*

10 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following :

	2015	2014
	£	£
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit/(loss) attributable to equity holders of the parent	122,066	(361,917)

	2015	2014
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	609,000	609,000

Notes to the consolidated financial statements *(continued)*

11 Property, plant and motor vehicles

	Land and buildings £	Plant £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2013	3,458,651	589,171	242,816	4,290,638
Additions	-	20,620	11,995	32,615
Disposals	-	-	(26,340)	(26,340)
At 1 May 2014	3,458,651	609,791	228,471	4,296,913
Additions	-	12,172	85,886	98,058
Disposals	(50,000)	-	(79,985)	(129,985)
At 30 April 2015	3,408,651	621,963	234,372	4,264,986
Comprising:				
At cost	178,728	621,963	234,372	1,035,063
At valuation	3,229,923	-	-	3,229,923
	3,408,651	621,963	234,372	4,264,986
Accumulated depreciation				
At 1 May 2013	64,341	434,812	145,062	644,215
Charge for year	46,175	17,716	32,954	96,845
Eliminated on disposals	-	-	(20,660)	(20,660)
At 1 May 2014	110,516	452,528	157,356	720,400
Charge for year	46,175	17,197	41,357	104,729
Eliminated on disposals	-	-	(69,943)	(69,943)
At 30 April 2015	156,691	469,725	128,770	755,186
Carrying amount				
At 30 April 2015	3,251,960	152,238	105,602	3,509,800
At 30 April 2014	3,348,135	157,263	71,115	3,576,513
At 1 May 2013	3,394,310	154,359	97,754	3,646,423

Land and buildings were revalued at 30 April 2013 by Savills, independent valuers not connected with the Group, on the basis of market value for existing use. The valuation conformed to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

At 30 April 2015, had the land and buildings of the group been carried at historical cost less accumulated depreciation, their carrying amount would have been £1,741,897 (2014: £1,817,096).

The revaluation surplus is disclosed in Note 21.

Notes to the consolidated financial statements *(continued)*

12 Subsidiaries

A list of investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in Note 30 to the company's separate financial statements.

13 Trade and other receivables

	2015	2014
	£	£
Current assets:		
Trade receivables from auctioneering services	2,505,562	2,271,533
Other receivables	1,314	167
Prepayments and accrued income	50,796	48,929
Corporation tax repayable	-	7,421
Total trade and other receivables	2,557,672	2,328,050

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

14 Cash and cash equivalents

	2015	2014
	£	£
Bank and cash balances	137,253	114,968
Cash and cash equivalents in the cash flow statement	137,253	114,968

The Royal Bank of Scotland plc holds a bond and floating charge over the assets of the subsidiary company, John Swan Limited, for the provision of overdraft facilities during peak trading periods.

Following the closure of the John Swan Limited Retirement Benefits Scheme to future accrual on 30 April 2012, the subsidiary company, John Swan Limited, granted a floating charge over its assets in favour of the Trustees of the Scheme.

15 Trade and other payables

	2015	2014
	£	£
Trade and other payables	144,781	147,884
Accruals	188,716	52,492
Income tax payable (in respect of Employee Benefit Trust)	-	9,567
	333,497	209,943

Trade and other payables principally comprise amounts outstanding for trade expenses and ongoing costs.

Notes to the consolidated financial statements *(continued)*

16 Financial assets and liabilities

The Group's main financial instruments comprise bank and cash balances and short term debtors and creditors.

Capital management
The Group's policy is to maintain a strong capital base.

Management of financial risk
The Group considers its major financial risk to be credit risk.

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Liquidity needs are monitored on a day to day basis. Short term flexibility is achieved by an overdraft facility when required.

Credit risk
The Group's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet is net of allowances for doubtful receivables, which are estimated based on previous experience and management's assessment of the current economic climate. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

The ageing of trade receivables from auctioneering services at the year end was as follows:

	2015	2014
	£	£
Invoices - less than 21 days	1,572,387	1,438,587
Invoices - between 21 and 90 days	694,574	547,391
Invoices - over 90 days	238,601	285,555
Trade receivables from auctioneering services (see Note 13)	2,505,562	2,271,533

The movement in the provision during the year was as follows:

Balance as at 1 May 2014	163,500	-
Receivables impaired	60,000	163,500
Receivables written off as uncollectible	-	-
Balance as at 30 April 2015	223,500	163,500

Notes to the consolidated financial statements *(continued)*

17 Deferred tax

The following deferred tax assets and liabilities are recognised by the Group.

	Retirement benefit obligation £	Accelerated tax depreciation £	Total £
At 1 May 2013	-	(23,155)	(23,155)
Credit to profit or loss	-	7,220	7,220
At 1 May 2014	-	(15,935)	(15,935)
Charge to profit or loss	-	(1,045)	(1,045)
Credit to other comprehensive expense	129,000	-	129,000
At 30 April 2015	129,000	(16,980)	112,020

The following is an analysis of the deferred tax balances for financial reporting purposes.

	2015 £	2014 £
Deferred tax asset	129,000	-
Deferred tax liability	(16,980)	(15,935)
	112,020	(15,935)

Following the revaluation of land and buildings, the Group has a deferred tax liability of £68,500 (2014: £73,000). However, with the offset of available losses, this liability has been reduced to £nil (2014: £nil). The Group has not recognised a deferred tax asset of £81,000 (2014: £117,000) in respect of unused tax losses carried forward.

18 Deferred income

	2015 £	2014 £
Government grant - towards capital expenditure:		
At 1 May 2014	12,000	12,800
Released to operating profit/(loss) for the year	(800)	(800)
At 30 April 2015	11,200	12,000

19 Share capital

	2015 £	2014 £
Allotted, called up and fully paid:		
612,000 ordinary shares of 25p	153,000	153,000

On a poll, each ordinary share of 25p carries one vote.

The company continues to hold 3,000 of its ordinary shares of 25p as treasury shares. The voting and other rights attaching to these shares are suspended whilst they are held as treasury shares. Similarly, no dividends or distributions will be made in respect of these shares whilst they are held as treasury shares.

Notes to the consolidated financial statements *(continued)*

20 Employee Benefit Trust reserve

The Employee Benefit Trust was established pursuant to a trust deed entered into between the Company and John Swan Trustee Limited dated 22 September 2005.

The market value at 30 April 2015 of the 9,080 ordinary shares of 25p held in the Employee Benefit Trust was £104,420.

21 Revaluation reserve

	£
Balance at 1 May 2013	1,544,885
Transfer to retained earnings	(13,846)
Balance at 1 May 2014	1,531,039
Transfer to retained earnings	(20,976)
Balance at 30 April 2015	1,510,063

22 Notes to the cash flow statement

	2015 £	2014 £
Profit/(loss) before tax	123,111	(369,137)
Adjustments for:		
Investment revenues	(490)	(587)
Finance costs	586	727
Pension scheme employee expense	33,000	36,000
Pension scheme contribution paid	(66,000)	(60,000)
Depreciation of property, plant and motor vehicles	104,729	96,845
Profit on sale of land	(492,901)	-
Profit on sale of plant and motor vehicles	(2,148)	(4,820)
Deferred income released in the year	(800)	(800)
Operating cash flows before movement in working capital	(300,913)	(301,772)
(Increase)/decrease in receivables	(229,622)	6,077
Increase/(decrease) in payables	123,554	(59,684)
Cash used in operations	(406,981)	(355,379)
Interest paid	(586)	(727)
Net cash used in operating activities	(407,567)	(356,106)

Notes to the consolidated financial statements *(continued)*

23 Operating lease arrangements

	2015	2014
	£	£
Minimum lease payments under operating lease recognised as an expense in the year	17,250	17,250

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under a non-cancellable operating lease, which fall due as follows:

	2015	2014
	£	£
Within one year	17,250	17,250
In the second to fifth years inclusive	17,250	34,500
	34,500	51,750

Operating lease payments represent rentals payable by the Group for a shop and store. The lease has been extended by a period of three years from 1 May 2014.

24 Retirement benefit schemes

Defined contribution scheme

The Group operates a defined contribution scheme for employees. The subsidiary company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits and the only obligation of the Group with respect to the scheme is to make the specified contributions.

The contributions payable to the scheme by the Group in the year totalled £38,336 (2014: £37,959).

Defined benefit scheme

The Group operates a defined benefit scheme for employees. The scheme closed to new members and to future accrual for existing members on 30 April 2012.

The assets of the defined benefit scheme are held separately from those of the Group in an independently administered fund under the control of trustees. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 May 2013.

The triennial valuation as at 1 May 2013 showed that the market value of the scheme's assets was £6,003,000 and that the actuarial value of those assets represented 82% of the benefits that had accrued to members. On the actuary's recommendation, the Group and the Trustees of the scheme agreed that in the period from 8 July 2014 to 30 April 2027, the Group would pay contributions of £60,000 per annum covering each scheme year from 1 May to 30 April.

The full actuarial valuation carried out at 1 May 2013 was updated to 30 April 2015 by a qualified independent actuary.

Notes to the consolidated financial statements *(continued)*

24 Retirement benefit schemes (continued)

The key assumptions used by the actuary were:

	30 April 2015	30 April 2014
Discount rate	3.6%	4.4%
Retail price inflation (RPI)	3.4%	3.4%
Consumer price inflation (CPI)	2.4%	2.4%
Pension increases - RPI maximum 5%	3.2%	3.2%
Deferred pension revaluation (CPI 5% cap)	2.4%	2.4%

The mortality assumptions adopted estimate life expectancies from age 65 for men and women aged 65 now of 21.9 years and 24.3 years respectively and from age 65 for men and women aged 45 now of 23.7 years and 26.2 years respectively.

Amounts recognised in profit or loss in respect of the defined benefit scheme are as follows:

	2015 £'000	2014 £'000
Net interest expense	-	(1)
Administration costs (excluding asset management costs)	33	37
Total included in employee expense	33	36

Amounts recognised in the consolidated statement of comprehensive income are as follows:

	2015 £'000	2014 £'000
Actual return less expected return on assets	193	(106)
Experience gains on the liabilities	194	169
Actuarial changes - demographic assumptions	-	(152)
Actuarial changes - financial assumptions	(1,093)	45
Surplus not recognised in consolidated balance sheet	28	20
Actuarial loss recognised	(678)	(24)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement scheme is as follows:

	2015 £'000	2014 £'000
Fair value of plan assets	6,196	6,069
Value of funded obligations	(6,841)	(6,041)
(Deficit)/Surplus	(645)	28
Surplus not recognised in consolidated balance sheet	-	(28)
Deficit recognised in consolidated balance sheet	(645)	-

Notes to the consolidated financial statements *(continued)*

24 Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows:

	2015 £'000	2014 £'000
Value of scheme assets at 1 May 2014	6,069	6,012
Interest income	261	257
Actuarial gains/(losses)	190	(106)
Contributions	66	60
Administration costs (excluding asset management costs)	(33)	(37)
Benefits paid	(357)	(117)
Value of scheme assets at 30 April 2015	6,196	6,069

Movements in the present value of the defined benefit obligation were as follows:

	2015 £'000	2014 £'000
Present value of the obligation at 1 May 2014	(6,041)	(5,964)
Interest expense (including interest on service cost)	(258)	(256)
Actuarial (losses)/gains on obligation	(899)	62
Benefits paid	357	117
Present value of the obligation at 30 April 2015	(6,841)	(6,041)

The analysis of the scheme assets at the balance sheet date was:

	Percentage of total scheme assets 30 April 2015	Fair value at 30 April 2015 £'000	Percentage of total scheme assets 30 April 2014	Fair value at 30 April 2014 £'000
Equities (including property)	51%	3,203	40%	2,434
Bonds	28%	1,718	36%	2,177
Cash and cash equivalents	21%	1,275	24%	1,458
Total		6,196		6,069

Notes to the consolidated financial statements *(continued)*

24 Retirement benefit schemes (continued)

The history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	6,196	6,069	6,012	5,613	5,668
Present value of defined benefit obligations	(6,841)	(6,041)	(5,964)	(5,239)	(5,051)
(Deficit)/surplus in scheme	(645)	28	48	374	617
Surplus not recognised in balance sheet	-	(28)	(48)	(374)	-
(Deficit)/surplus recognised in balance sheet	(645)	-	-	-	617
Experience adjustments on scheme assets					
Amount (£'000)	193	(106)	334	(306)	(156)
Percentage of scheme assets (%)	3%	2%	6%	5%	3%
Experience adjustments on scheme liabilities					
Amount (£'000)	194	169	41	(241)	434
Percentage of scheme liabilities (%)	3%	3%	1%	5%	9%

A sensitivity analysis for significant assumptions is shown below. A 0.1% increase or decrease in the assumptions would have the following effect on the funded obligations:

Assumption	plus	Estimated increase/ (decrease) to obligation £'000	minus	Estimated increase/ (decrease) to obligation £'000
Discount rate	0.1%	(151)	0.1%	155
RPI	0.1%	84	0.1%	(83)
CPI	0.1%	50	0.1%	(49)
Age of member	1 year	(246)	1 year	246

The above changes are considered in isolation. For example if the RPI rate changes there is no change to the CPI rate.

The Group expects to contribute £60,000 to its defined benefit retirement scheme in the year to 30 April 2016.

IFRIC 14 issued by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board deals with how pension surpluses under IAS 19 should be disclosed in company accounts. IFRIC 14 only allows a surplus to be recognised if an employer has an unconditional right to the surplus at some future date and requires an additional liability to be recognised if the employer is obliged to pay future contributions, which it will not be able to recover. Following the closure of the pension scheme to future accrual as at 30 April 2012, it is no longer considered appropriate to recognise a surplus in the balance sheet.

Notes to the consolidated financial statements *(continued)*

25 Related party transactions

Transactions between the Company and its wholly owned subsidiaries have been eliminated on consolidation and are not disclosed in this note.

The non-executive farming directors of the Group both purchase and sell stock through the markets on the same terms as those enjoyed by other customers. The transactions with these persons are not considered material in relation to the overall turnover of the Group. At 30 April 2015, a balance of £18,545 (2014 - £nil) was due to the subsidiary company, John Swan Limited, by Messrs S & J Allen, a business in which Mr J D Allen is a partner, and a balance of £1,850 (2014 - £12,135) was due by Mr George Forbes. Both Mr J D Allen and Mr G R Forbes are non-executive directors of the Company.

26 Events after the balance sheet date

There is a proposed takeover of the Group by H&H Group Plc which, at the date of signing these accounts, has still to be put to shareholders.

On 27 July 2015 two directors were each issued with 4,500 share options. The option price was £2.336 and the vesting date is on the first anniversary of issue.

Five year summary of financial results

	2011 £'000	2012 £'000	2013 *(restated)* £'000	2014 £'000	2015 £'000
Revenue	1,900.8	2,066.7	1,764.2	1,833.6	1,904.7
Operating profit/(loss)	(257.4)	261.7	(373.9)	(369.0)	123.2
Investment revenues	0.8	1.1	1.7	0.6	0.5
Finance costs	(141.1)	(24.0)	-	(0.7)	(0.6)
Profit/(loss) before tax	(397.7)	238.8	(372.2)	(369.1)	123.1
Tax	70.1	(65.4)	12.8	7.2	(1.0)
Profit/(loss) for the year	(327.6)	173.4	(359.4)	(361.9)	122.1
Earnings per Ordinary Share	(53.8)p	28.5p	(59.0)p	(59.4)p	20.0p
Dividend per Ordinary Share :					
Final – paid in year	5p	5p	5p	5p	5p
Interim – paid in year	nil	nil	nil	nil	nil

COMPANY

FINANCIAL STATEMENTS

For the year ended 30 April 2015

Independent Auditor's Report to the Members of John Swan & Sons PLC

We have audited the parent company financial statements of John Swan & Sons PLC for the year ended 30 April 2015 which comprise the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Independent Auditor's Report to the Members of John Swan & Sons PLC *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of John Swan & Sons PLC for the year ended 30 April 2015.

Gareth Magee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

29 July 2015

JOHN SWAN & SONS PLC

Company balance sheet
As at 30 April 2015

	Note	2015	2014
		£	£
Fixed assets			
Tangible assets	29	3,151,871	3,240,897
Investments			
Investments in subsidiary companies	30	3,000,001	3,000,001
		6,151,872	6,240,898
Current assets			
Debtors - amounts falling due within one year	31	15,848	27,440
Cash at bank and in hand		61,917	26,191
		77,765	53,631
Creditors - amounts falling due within one year	32	(492,918)	(621,521)
Net current liabilities		(415,153)	(567,890)
Total assets less current liabilities		5,736,719	5,673,008
Capital and reserves			
Called up share capital	33	153,000	153,000
Revaluation reserve	34	1,510,063	1,531,039
Revenue reserve	34	70,000	70,000
Employee Benefit Trust reserve	34,35	(107,245)	(57,224)
Capital redemption reserve		15,000	15,000
Profit and loss account	34	4,095,901	3,961,193
Equity shareholders' funds	36	5,736,719	5,673,008

The financial statements were approved and authorised for issue by the Board on 29 July 2015 and were signed on its behalf by:

AJ Ritchie AJ Ritchie
Chairman

A Cadell Alexander Cadell
Director

Company Registration No. SC007893

Notes to the company financial statements

27 Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention, as modified to include the revaluation of land and buildings, and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year (except as otherwise stated).

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or revaluation less depreciation. Depreciation is provided at rates calculated to write off the cost or revalued amount less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2½% straight line

Land and buildings are stated at their revalued amounts, being the Existing Use Value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be performed with sufficient regularity such that the carrying amounts do not differ materially from these which would be determined using existing use values at the balance sheet date.

Any increase arising on the revaluation of land and buildings is credited to the revaluation reserve.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Notes to the company financial statements *(continued)*

28 Profit/loss for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year ended 30 April 2015 of £91,382 (2014: loss for the year - £346,794).

29 Tangible assets

	Freehold land and buildings £	Total £
Cost		
At 1 May 2014	3,279,923	3,279,923
Disposals	(50,000)	(50,000)
At 30 April 2015	3,229,923	3,229,223
Depreciation		
At 1 May 2014	39,026	39,026
Charge for year	39,026	39,026
At 30 April 2015	78,052	78,052
Net book value		
At 30 April 2015	3,151,871	3,151,871
At 30 April 2014	3,240,897	3,240,897

Land and buildings were revalued at 30 April 2013 by Savills, independent valuers not connected with the company, on the basis of market value for existing use. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

No provision has been made for United Kingdom taxation of £68,500, which would arise if the land and buildings were disposed of at their revalued amount.

Notes to the company financial statements *(continued)*

29 Tangible assets (continued)

The comparable amounts of land and buildings included above at valuation determined according to the historical cost accounting rules are as follows:

	Freehold land and buildings £
Cost	
At 1 May 2014	2,199,559
Disposals	(42,870)
At 30 April 2015	2,156,689
Depreciation	
At 1 May 2014	489,701
Charge for year	25,180
At 30 April 2015	514,881
Net book value	
At 30 April 2015	1,641,808
At 30 April 2014	1,709,858

30 Subsidiaries

Details of the Company's subsidiaries at 30 April 2015 are as follows :

	Place of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Method used to account for investment
John Swan Limited	Scotland	100	100	Equity
John Swan Trustee Limited	Scotland	100	100	Equity

John Swan Limited acts as auctioneers, livestock agents, valuers and estate agents and operates auction marts in Newtown St Boswells and Wooler.

John Swan Trustee Limited carries on the office and duties of the Trustee of the John Swan Employee Benefit Trust. The Company has not traded or made profits or losses since incorporation.

31 Debtors – amounts falling due within one year

	2015 £	2014 £
Trade debtors	15,104	21,104
Other debtors	744	3,336
Prepayments and accrued income	-	3,000
	15,848	27,440

Notes to the company financial statements *(continued)*

32 Creditors – amounts falling due within one year

	2015	2014
	£	£
Amount owed to subsidiary undertaking	371,645	575,640
Other creditors	24,527	28,515
Accruals	96,746	7,799
Income tax payable (in respect of Employee Benefit Trust)	-	9,567
	492,918	621,521

33 Share capital

Details of the Company's share capital are given in Note 19 of the Consolidated financial statements.

34 Reserves

	Revaluation reserve	Revenue reserve	Employee Benefit Trust reserve	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£	£
At 1 May 2014	1,531,039	70,000	(57,224)	15,000	3,961,193	5,520,008
Transfer to retained earnings	(20,976)	-	-	-	20,976	-
Movement in year			(50,021)		52,800	2,779
Profit for the financial year	-	-	-	-	91,382	91,382
Dividends paid	-	-	-	-	(30,450)	(30,450)
At 30 April 2015	1,510,063	70,000	(107,245)	15,000	4,095,901	5,583,719

35 Employee Benefit Trust reserve

Details of the Employee Benefit Trust are given in Note 20 of the Consolidated financial statements.

36 Reconciliation of movement in equity shareholders' funds

	2015	2014
	£	£
Profit/(loss) for the financial year	91,382	(346,794)
Equity dividends paid (see Note 37)	(30,450)	(30,450)
	60,932	(377,244)
Fees and tax in respect of deferred shares purchased from the Employee Benefit Trust	2,779	(12,981)
Purchase of ordinary shares of 25p within the Employee Benefit Trust	-	(57,224)
Net addition to/(deduction from) shareholders' funds	63,711	(447,449)
Balance at 1 May 2014	5,673,008	6,120,457
Balance at 30 April 2015	5,736,719	5,673,008

Notes to the company financial statements *(continued)*

37 Dividends

Details of the dividends paid in the year are given in Note 9 of the Consolidated financial statements.